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What's *New* –

The Wall Street Journal offers international readers an integrated print and online package that delivers a tightly edited, insightful briefing in print with constantly refreshed news, data and features on WSJ.com. Email alerts on news and daily columns keep readers abreast of the latest business news and analysis.

Navigation is easier now than ever, with a mix of short, insightful stories and comprehensive features for a lively start to your work day. Special icons alert readers to more in-depth stories showcased online along with photo galleries, charts, chat rooms and video downloads from WSJ.com.

Money & Investing is now a 12-page pull-out section positioned within the center of each day's paper, Monday to Friday. The expanded coverage afforded by this new layout means readers will get more of what they want and expect from the region's leading international daily. Journal reporters have unrivaled access to financial executives and policy makers and they bring readers inside boardrooms from Wall Street and Washington to Tokyo and London.

The magazine-style Weekend Journal Asia every Friday focuses on the business of life with trend stories on fashion, golf and other sports, art, travel, dining, culture and other leisure activities outside the office. The section also features critiques on the latest books, movies and regional events.

Value-added financial statistics allow investors to compare the performance of different markets and instruments, from stocks and bonds to commodities and currencies. Big movers among individual stocks will be charted and explained daily, while daily stock-price quotations can be found online. The Journal's famous Heard on the Street column remains an essential part of Money & Investing coverage.

EDITORALS & OPINION
Pages that consistently espouse free people and free markets.

New expanded coverage of Asia: asia.WSJ.com

THE WALL STREET JOURNAL.

VOL. XXXIII NO. 112 — ASIA — TUESDAY, FEBRUARY 10, 2009

asia.WSJ.com

What's News

China taps its rural consumer base

As Western demand flags, government unveils moves to boost retail sector in the countryside

By Mei Fong And Jason Leow

HOHHOT, China—China is turning to its power residents to help revive growth in the world's third-largest economy, as demand flags among the wealthier Western consumers who have long gobbled up its exports.

In the latest of a series of recent measures to spur domestic consumption, China's government on Monday announced new plans to create jobs, boost distribution costs and improve product quality and availability in the rural-retail sector. As part of the effort, a Ministry of Commerce official told a news conference, the government aims to help establish 150,000 stores in the Chinese countryside this year to offer rural residents easy access to safe consumer goods. Such stores could create 775,000 new jobs by 2010, the official estimated.

The new plans, while vague, highlight Chinese economic planners' growing focus on helping the country's roughly 750 million rural residents to spend more. The planned moves follow related measures announced in recent months, including expanding state subsidies for farmers to buy electrical appliances. The government hopes these efforts will help rejuvenate flagging economic growth and improve prosperity among rural residents, at a time when increasing unemployment has raised concerns about potential social unrest.

For the first time, the Chinese government and manufacturers are "turning to Chinese villagers rather than American consumers" to solve their economic woes, said Joyce Chen of Scotiabank's chief China economist Ben Simpfendorfer. "It won't save the global economy, but it could help shape it over the next decade," he said.

China's exports have begun declining in recent months, after years of growing at double-digit rates. Economists and officials say China needs to stimulate greater consumption to compensate for the slowdown, not only for its own economic health but to help rebalance a global economy whose biggest consumer—the U.S.—is in recession. Domestic consumption contributed about 35% of China's gross domestic product for the first nine months of last year, according to official Chinese statistics, compared to about 69% of GDP in the U.S.

Rural residents, while still relatively poor, have seen their incomes grow steadily during China's three decades of market-oriented reforms. Foreign companies including cellphone giant Nokia Corp. and drug maker AstraZeneca PLC have moved in recent years to tap that demand by building extensive distribution networks in smaller Chinese cities and towns.

In recent months, Beijing has expanded a program to provide 13% subsidies to rural residents for purchases of electronic goods such as cellphones, washing machines and personal computers. The program, which began in

Please turn to page 10

Open your wallets | Number of durable consumer goods owned per 100 rural households at year-end 2000 2007

WASHING MACHINE 9.1 45.9

BICYCLE 110 120

REFRIGERATOR 1.2 36.1

COLOR TV 4.7 96.6

MOBILE PHONE 0 77.5

COMPUTER 0 3.7

Rio nominee quits over Chinalco talks

Rio Tinto PLC's chairman-to-be resigned Monday rather than support "a Chinese solution" to the mining giant's massive US$38 billion

By Jeffrey Sparshott in London and Elizabeth Behrman in Sydney

debt load, according to people familiar with the matter, highlighting disagreements among the Anglo-Australian company's directors.

Jim Leng, 62 years old, said in a statement that he resigned due to "a difference of opinion over which option the company should pursue. I am hopeful that my resignation will enable the board to reach a consensual decision." The statement didn't disclose details.

But the people familiar with the situation said Mr. Leng decided to depart after he became wary of "a Chinese solution" to the company's huge debt load. Last week, Rio Tinto acknowledged talks with Aluminum Corp. of China Ltd., known as Chinalco, over the possible sale of minority stakes in some of its mining operations and an investment in convertible instruments. Chinalco already jointly holds a 9% Rio Tinto stake with Alcoa Inc. of the U.S., as part of a US$14 billion purchase a year ago.

Some of Rio Tinto's other board members view a potential

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Online now

Beijing building fire

Flames engulf part of the CCTV complex Monday night. Video at asia.WSJ.com.

Markets

11 a.m. ET

intel

TODAY'S EDUCATION. TOMORROW'S INNOVATION.

THE WALL STREET JOURNAL.

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1

Section A

Time is money. Section A provides the critical news you need to do business in Asia, packaged in an easy-to-use format.

Drawing from a pool of hundreds of reporters around the world, this section offers a wide-ranging look at important corporate, economic and political news in Asia and around the world.

Front Page:

1. What's inside – Each day we highlight special features appearing inside the edition including the Heard in Asia column.

2. What's News – Everything you need to keep current on breaking business and global news is contained in these two essential columns.

Leading the News, Corporate News, Economy & Politics.

LEADING THE NEWS

China is urged to step up exports' safety standards

By Shai Oster

BEIJING—Western consumer-safety experts urged China to improve cooperation with trade partners to curb product recalls as it becomes the world's factory floor and faces sharp criticism for a spate of tainted food and drug exports.

"Chinese imports are up, and the number of recalls are up," said Nancy Nord, acting chairman of the U.S. Consumer Product Safety Commission. "They need to assure us they can reach the same standards" as in the U.S., she said.

On the sidelines of an international consumer-product safety conference in Beijing, Ms. Nord said yesterday that it is important that "Chinese reach voluntary safety standards they are shipping

She stopped sh mandatory testing ports, instead w third-party testing heavily on voluntar

computers and car parts. But exporters run the gamut from being sophisticated and safety conscious to unscrupulous and shoddy.

Enforcement of safety standards is scattershot. The Chinese domestic press is filled with stories about dangerous products being sold in China and of manufacturers substituting inexpensive but dangerous materials in the making of goods to save money.

These problems have become a global concern. For example, there have been recalls of toys in the U.S. made with lead. The latest case to draw attention to China's pivotal position in the global supply chain involved pet food sold in the U.S. that was found to contain wheat gluten tainted with melamine, a

Singapore GDP tops forecast

Strong first quarter raises '07 outlook; factory output falls

By John Jannarone

SINGAPORE—Singapore's economy grew faster than estimated in the first quarter, as strength in services and construction offset weak manufacturing, prompting the government to upgrade its forecast for growth in 2007.

The economy grew 7.6% from the fourth quarter on a seasonally adjusted and annualized basis, the Ministry of Trade and Industry said in a statement yesterday. It grew 7.9% in the fourth quarter.

The first-quarter growth was faster than an advance government estimate of 7.3%, which economists

put is likely to grow between 5% and 7% in 2007, compared with 11.5% in 2006, Bernard Nee Seng Soon, the Economic Development Board's director of planning and policy, said.

above the advance estimate of 6%, but slowing from the rate in the fourth quarter.

Mr. Price-Wandesforde said the data and the unexpected growth fore-

CORPORATE NEWS

Australia's Healthscope makes bid for Symbion

By Susan Murdoch

MELBOURNE—Australia's Symbion Health Ltd. said it has received a takeover approach valued at A$2.78 billion (US$2.31 billion) from a consortium led by smaller rival Healthscope Ltd.

The bid is the latest in a series of merger-and-acquisition maneuvers in the Australian health-care industry as companies try to gain scale. Symbion rejected a takeover offer of A$2.2 billion from Primary Health Care Ltd. in February and the country's largest private hospital operator, Ramsay Health Care Ltd., has previously signaled interest in Symbion.

Symbion, a pathology, diagnostics and drug-distribution company, said the latest cash and scrip proposal has an imp A$4.30 a share—a i to its closing price buyout firms Archo Ironbridge Capital a the bidding group.

"On face value the attractive propositi

growth in diagnostic imaging and medical centers," Healthscope said. "The identifiable cost synergies from a combination of Symbion Health and Healthscope's separate pathology infrastructures are significant," it said.

UBS analyst Andrew Goodsall said in a note to clients last month that a potential A$70 million in synergies could be unlocked from a breakup of Symbion.

The cash component of Healthscope's offer would be funded by debt, with the acquisition to be earnings-per-share accretive in the first year. The companies expect to make a formal announcement on the status of the proposal by the end of the month.

Symbion and Healthscope each control about 30% of the pathology

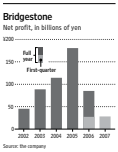
Bridgestone profit climbs

Tire sales in Asia, Europe boost results; firm raises forecast

By Arran Scott

TOKYO—Bridgestone Corp. posted a 3.6% rise in first-quarter net profit on strong growth in tire sales in Europe and Asia and raised its first-half earnings outlook, citing a tail wind from the weaker yen.

The news underscores the increasing importance of overseas markets to Japanese automotive-related companies, which are facing limits to growth in Japan as demand for new vehicles continues to stagnate. It also shows that the tumble in the yen, which fell to a low of 163.31 yen against the euro



The Tokyo company's earnings growth came mostly from overseas markets, particularly Europe and Asia. Bridgestone's sales in Japan

segment, which posted an 85% surge in operating profit to nine billion yen on a 22% jump in sales, according to a Bridgestone spokeswoman.

The vigorous growth in Europe and Asia highlights the opportunities for Bridgestone overseas. Vehicle sales in Japan fell for the 22nd straight month in April, the Japan Automobile Dealers' Association said yesterday, showing the market at home lacks momentum.

Crediting the weaker yen, Bridgestone upgraded its outlook for first-half earnings. It now expects group net profit of 45 billion yen, compared with its earlier forecast for 35 billion yen, and group operating profit of 89 billion yen, up from 76 billion yen. Bridgestone also boosted its

Bridgestone's

ECONOMY & POLITICS

Chinese plant fight continues

Marchers still protest danger of chemicals with Xiamen project

By Shai Oster

BEIJING—Protesters, organized through cellphone texting, marched through a southern Chinese port city to demonstrate against a petrochemical plant Friday, flouting government attempts to stop them.

The protesters surrounded the city hall of Xiamen in a peaceful demonstration and then marched through the city's commercial district, said witnesses and participants. Estimates for the crowd ranged from several hundred to several thousand. Police and government officials declined to comment.

Video and photos posted on the Internet and sent to journalists showed large crowds gathering around government offices that were ringed by police and what appeared to be unarmed soldiers. Many protesters carried banners.

Residents in Xiamen are upset about plans to build a petrochemical

Death of vice premier gives Hu chance to bolster his base

By Edward Cody
The Washington Post

BEIJING—Vice Premier Huang Ju, a reformer who helped guide China through a period of swift economic change, died in a Beijing hospital on Saturday after a long illness, the government announced. He was reported to be suffering from cancer and had largely disappeared from public view in the past year.

His death created a vacancy on the Communist Party's nine-man Politburo Standing Committee, giving President Hu Jintao the opportunity to bring another ally into the party's senior ruling group. Mr. Huang, 68 years old, had spent much of his career in Shanghai and was identified with former president Jiang Zemin and his Shanghai-based protégés.

Mr. Huang was said by some government officials to have had pancreatic cancer. But the traditionally secretive party never formally told the Chinese public about his condition and in announcing his death, the official Xinhua news agency didn't specify his fatal illness.

A statement from the party and government praised Mr. Huang, however, as "an excellent member

Huang Ju in a 2004 photo.

17th Party Congress this fall. Since Mr. Hu assumed control of the party in 2002, he has been steadily building his power base, placing loyal lieutenants in such key spots.

China's senior officials, whether labeled as President Hu's followers or Mr. Jiang's, agree on the need for continued economic liberalization, an experienced diplomat pointed

LEADING THE NEWS :

This section offers the latest and most essential news to start your business day. These pages feature the top news stories, enriched with in-depth reports and valuable insights on critical developments in Asia and across the world.

CORPORATE NEWS :

Global business rules. Regardless of where you are, it's important to know what competitors and peers on the other side of the world are doing. Here we give you the latest corporate news from around the globe, with extensive analysis from Asia as well as industry-leading coverage from the U.S. and Europe.

ECONOMY ළඟ POLITICS :

Making winning decisions is all about having the right information. Here you arm yourself with key intelligence on what is moving governments and economies in Asia and around the world. You'll find just the right mix of news on trade regulations, politics, public policy and global economic issues.

Understand your fast changing world

Editorials and Opinion

REVIEW & OUTLOOK

India's Class Wars

If the caste riots outside New Delhi this month teach anything, it's that the greatest internal threat to India's economic prosperity is "reservations," or affirmative action, to heal all forms of economic and social ills.

Reservation policies—state guarantees of jobs in public-sector companies and places in universities—are spinning out of control. A group in Rajasthan rioted last week to be classified as a lower caste so it can snag better handouts—and killed over 20 people in the process. Southern states Tamil Nadu already reserve over 70 public jobs for various castes, religions and tribes. Uttar Pradesh's chief minister suggested this week that poor upper-class castes might need a leg up, too.

Affirmative action threatens the economy.

Across India's 28 states, reservations are extended to groups on the basis of their "backwardness," which can mean anything from economic need to religious discrimination. If this sounds counterintuitive for a country that's eralizing and embracing competition in almost every other economic sphere—when the state allows it to do so—it's.

It's also antithetical to the way India's founders envisioned how their country would evolve. They foresaw an equitable society unshackled from its socially stratified past, and the Constitution provides for equality before the law. It also, however, enables state governments to legislate affirmative action-type policies as they see fit, of judicial review. It's also allowed states to circumvent a 1992 Supreme Court ruling that capped reservations at 50%.

It was only a matter of time before politicians realized that these policies—in a poor country populated by lots of "backward" constituents—win votes. But it wasn't until fairly recently that the debate on the merits of reservations ceased to be a debate. It's hard to pinpoint exactly when this happened, but the violent 1990 riots against the Vishwanath Pratap Singh government's proposals to extend reservations to lower the facing page, it's smarter to focus on making these policies irrelevant over time by empowering citizens through education. If people have the skills to access private-sector jobs, they'll likely eschew public-sector giveaways. But that's hard to do when primary education is spotty, at best, and the state restricts private alternatives.

Meanwhile, things may be about to go from bad to worse. Prime Minister Manmohan Singh has said he will consider extending reservations to the private sector. The Confederation of Indian Indus-

REVIEW & OUTLOOK

Democracy in Hong Kong

Donald Tsang was re-elected to Hong Kong's highest post yesterday in a vote rigged by Beijing. The real winner, however, was Hong Kong democracy, thanks to its challenger, Alan Leong. By standing, Mr. Leong reignited the democratic cause and demonstrated to China's rulers that public debate doesn't necessarily lead to instability. Ten years after the handover, that's a lesson China still needs to learn, for Hong Kongers—and its own—future.

Will China use the territory to experiment with political

It would be easy to feel discouraged about Hong Kong's democratic prospects given yesterday's result. Mr. Tsang was re-elected to a second and final term by 649 members of Hong Kong's election committee, a group of 800 people either appointed by Beijing or elected by a voter pool of about 220,000 Hong Kongers. (Only 795 were eligible to vote this time because five members were appointed twice to the committee.) That's a far cry from universal suffrage for a territory of almost seven million people.

Even so, Mr. Leong garnered more than enough nominations to stand, becoming the first challenger to do so. Under the system set up by Hong Kong's first legislature—wholly appointed by Beijing in 1997—a chief executive must be nominated by at least 100 members of the election committee, who must publicly declare their vote. Given that most members are Beijing sympathizers or have significant business interests in the mainland, it was always unlikely that Mr. Leong would pass that 100 mark. He won 132.

That's because the democratic spirit has never fled

What could emerge is a form of "managed suffrage," where Beijing picks a clutch of candidates and then allows Hong Kongers to choose from among them. That's nothing close to the spirit of the Basic Law, whose Article 45 says: "the ultimate aim is the selection by universal suffrage, upon nomination by a broadly representative nominating committee, in accordance with democratic procedures." Beijing's current proposal for the 2012 election would be a step backward from the 2007 election, which was a step backward from the 1998 election.

Mr. Tsang's re-election is a victory for Beijing, but it's a pyrrhic one. Mr. Leong's campaign has shown that Hong Kongers are willing to push for democracy, and that Beijing's attempts to control the process will be met with resistance. Mr. Tsang's own popularity has been damaged by the perception that he is Beijing's puppet. Mr. Leong's campaign has also

The Journal's vigorous and independent editorial commentary is a centerpiece of the newspaper, guided by the paper's longstanding belief in free people and free markets.

The editorial page's showcase is its "Review & Outlook" columns. These editorials take sides on the major issues in global business, economics, politics and culture, with the goal of influencing policies and events to promote freedom and prosperity as widely as possible. The "Review & Outlook" columns are heavily reported and often break news.

Our two opinion pages are a showcase for Journal staff columnists and outside contributors. The columnists include Bret Stephens, who writes Global View, and Holman Jenkins, who focuses on business. Our op-ed contributors include a mix of political and business leaders, journalists and experts in various fields from around the world.

Readers can find more Journal commentary on our free Web site, OpinionJournal.com. Updated daily, Opinion Journal contains videos of editorial meetings, the popular Best of the Web Today column, and Political Diary, a daily report on American politics.

Insurers see opportunity in market helping retirees to build nest eggs

France's AXA targets worries about savings; global annuities race

By Ian McDonald

WHEN BABY BOOMERS were in midcareer and eager to build nest eggs, the mutual-fund, banking and brokerage industries swooped in and took advantage. Now the insurance industry is eyeing that huge pile of money, hoping to build a global business soothing anxiety over whether those nest eggs will last as boomers retire and live long.

The result is a world-wide race to sell variable annuities, a product with risks for insurers and a checkered past for U.S. consumers, thanks to unscrupulous sales practices by some brokers and third-party agents. They typically offer regular payments for life—no matter how long a customer lives.

"Insurance companies have historically been kind of sleepy," says Christopher "Kip" Condron, the U.S. chief of the giant French insurer **AXA** SA. "But banks and mutual funds can't offer these kinds of guarantees. So we looked at the situation and said, this is our era."

Christopher 'Kip' Condron

AXA is making one of the biggest pushes around the globe into variable annuities, highlighting the promises and pitfalls of the market. It has "risk labs" in New York and Paris trying to predict what the future holds for longevity and financial markets.

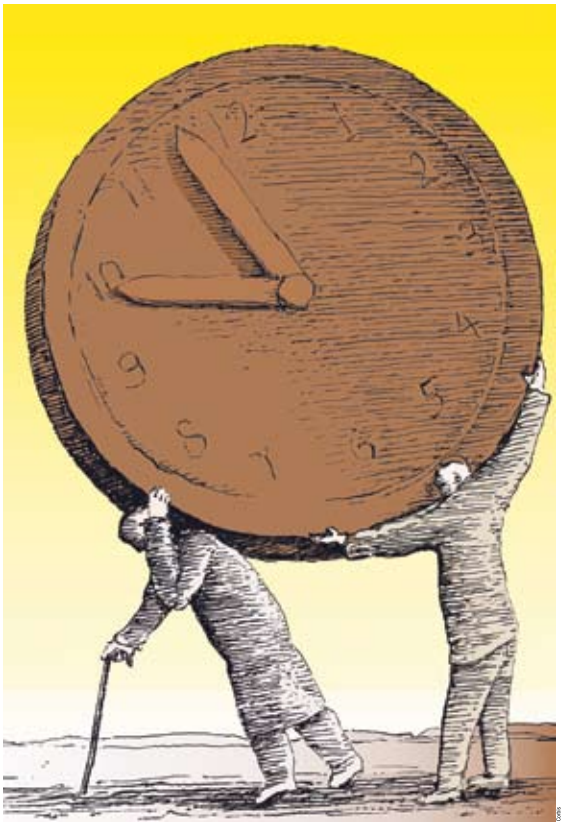
Could a surprise medical breakthrough—a cure for cancer, for instance—wreak havoc on the company's longevity models? Average life spans have been rising for years in the U.S. and Europe. In Japan, more than 28,000 people are now older than 100.

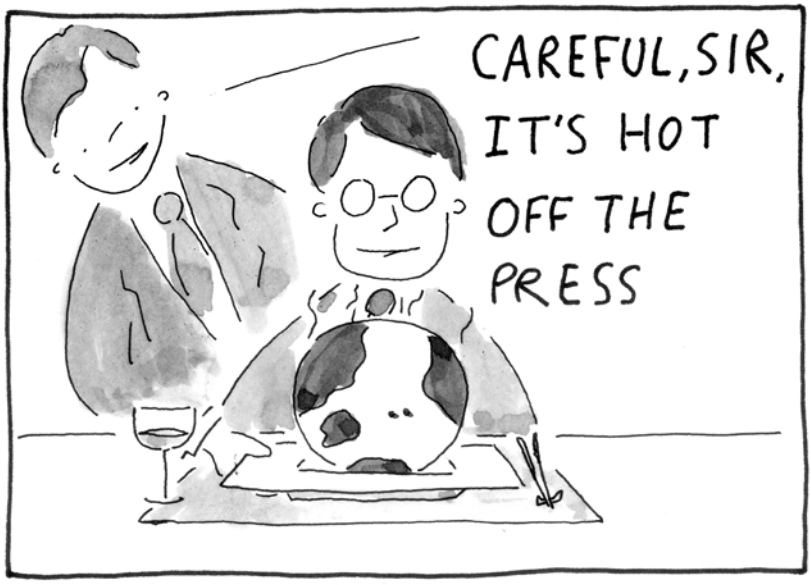
"Longevity is a difficult risk to price," says Simon Harris, who heads a group of European insurance analysts for Moody's Investors Service in London. "Unlike pricing a motor-insurance policy, where the risks are pretty well understood and you can reprice each year, with longevity, you have to put a price today on risks that will emerge many years into the future."

The pool of potential assets and customers is enormous. In the U.S. alone, more than $12 trillion sits in investment and insurance accounts earmarked for retirement, accord-

Silver lining

- **The situation:** AXA and other insurers are pushing to sell variable annuities globally as retirement worries grow.
- **The background:** Though new in many markets, variable annuities have a checkered past in the U.S. because of fees and improper sales tactics.
- **What's at stake:** Insurers could lose big if too many annuities buyers opt for guaranteed income.





News in Depth showcases the Journal's trademark in-depth feature stories, laid out in a magazine style design. The Journal's features reach far beyond the news—groundbreaking stories that provide valuable insights, told in an engaging style.

MONEY&INVESTING

The New MONEY & INVESTING pull out section throws the world of stocks, markets, funds, private equity and money under a spotlight – offering an unmatched view of the world of money in the sections on Global Finance, World Markets, and International Funds. In this section you'll find:

- *"Heard on The Street", a column that offers global insights and timely coverage provided by an international team of experts that includes three full time journalists based in Asia*
- *"Intelligent Investor" presents investing and personal finance advice*
- *"Best of the Deal Journal" includes exclusive news and analysis on deals and deal makers*
- *"Letter From The City" highlights news and insights from London's financial center*
- *"The Game" takes a look inside deal making and Wall Street*
- *"Ahead of The Tape" offers a forward-thinking look at events that will move the markets*

MONEY&INVESTING

Australia's banks are girding for trouble. M11

Some smaller gold miners are expanding to gain market share when the economy rebounds, and the dollar is helping. M12

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Lloyds, HBOS profits fall

As write-downs rise, banks say merger is just what's needed

Associated Press
London

LLOYDS TSB GROUP PLC is going ahead with its government-backed takeover of rival HBOS PLC, the two British banks confirmed Monday, as both published third-quarter earnings revealing steep declines in profit for the year to date.

Merging, they said, would shore up their balance sheets, reduce their costs and increase their profits.

The deal "is a clear route to creating long term value," Lloyds TSB Chief Executive Eric Daniels said at a news conference. "We will produce superior returns so the value of shareholders' investments will go up." The banks also said continuing market turmoil and mounting bad debts had caused their profits to fall dramatically.

HBOS said that the takeover, which was agreed to in October and is scheduled to be completed in January if approved by shareholders and regulators, was "proceeding according to plan."

The coordinated show of confidence in the planned takeover, dogged by market skepticism, came as both Lloyds and HBOS published disappointing results.

London-based Lloyds said it had sustained a "substantial" fall in pre-tax profits for the nine months through Sept. 30, including a third-quarter write-down in its wholesale and international banking division of £270 million ($435 million). It didn't publish its third-quarter profit or revenue figures.

Meanwhile, Edinburgh-based HBOS said it had been forced to write down a further £732 million of assets in the three months ended Sept. 30, largely as a result of the collapse of U.S. banks Lehman Brothers and Washington Mutual. Like Lloyds, HBOS didn't reveal its profit or revenue.

Lloyds's planned £6.3 billion

Please turn to next page

Bank plans

The soon-to-be merged banks are raising capital to meet government targets

Sources: the banks; WSJ reporting

Warren Buffett's record: more than stock-picking

By Jason Zweig

Wouldn't it be nice, in this miserable market, to be Warren Buffett? Fortunately, a cottage industry has sprung up to teach investors how to emulate the master. Unfortunately, you might as well try to catch a bolt of lightning in a paper cup.

THE INTELLIGENT INVESTOR

For the first two decades of his career, Mr. Buffett built the bulk of his fortune through his investing prowess, producing one of the best long-term track records of any money manager in history. More recently, however, Mr. Buffett has succeeded not through investing prowess alone, but also through exclusive deals that have come to him because of it.

Only a part of Mr. Buffett's market-beating performance has come from stock-picking. Even more of his edge has been generated by the operating subsidiaries of his Berkshire Hathaway Inc., like Benjamin Moore paint and Geico insurance. "There's no question about it," Mr. Buffett told me last week. "Certainly over the last decade at least," the earnings of Berkshire's operating businesses "have grown at a much faster rate than the [value of the] marketable securities per share."

It is a lot harder than it used to be to measure just how good a stock-picker Mr. Buffett is. When I asked him if he knew how well Berkshire's stock portfolio has done in recent years, he answered: "I've no idea what the rate of return would be. But, knowing myself how hard it would be to do the calculations right, I'm suspicious of anybody's numbers."

An outsider, then, can barely get in the ballpark. Since the end of 1988, Berkshire's stock portfolio has grown from $3.56 billion to $69.51 billion. That is a spectacular average annual increase of 16.5%, far surpassing the 10.5% annualized return of the Standard & Poor's 500-stock index. Of course, this calculation is only a crude approximation, since it ignores the cash that Mr. Buffett added—and moved out—along the way.

Over the same period, the growth in Berkshire's book value per share, which reflects all of Mr. Buffett's activities, not just his stock-picking, was 19.9%.

In other words, Mr. Buffett's skill at picking publicly traded stocks pales alongside the value he has added to the company through other means.

As recently as 1995, 73.5% of Berkshire's total assets consisted of a portfolio of publicly traded stocks that (at least in theory) any investor could have replicated. As of June 30, though, Berkshire's stockholdings made up just 25% of its total assets.

Mr. Buffett's stock picks used to drive the train; lately, they are more like the caboose. He has been buying private firms outright and landing "sweetheart" deals in public companies.

Since the beginning of 2006, Berkshire has spent nearly $17 billion buying 52 such companies lock, stock and barrel, including an Israeli cutting-tool maker and a distributor of electronic components.

Meanwhile, on the sweetheart front, in 2008 alone Mr. Buffett has sunk $5 billion into Goldman Sachs Group, $3 billion into General Electric Co., $3 billion into Dow Chemical Co. and $6.5 billion into the merger of Mars Inc. with Wm. Wrigley Jr. Co.—all with preferential terms.

Twenty years ago, Mr. Buffett

Please turn to next page

Worldwide expertise in asset management, securities servicing, and wherever you do business.
$22.4 trillion in securities serviced.
$1.11 trillion in assets managed.
Who's helping you?
Wherever you do business, the experts at The Bank of New York Mellon can help you succeed in today's complex financial markets. With tailored solutions, we can help institutional investors, governments, financial institutions, and corporations meet their unique financial challenges.
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The Value-added Statistics package comprises:

ASIAN MARKETS LINEUP:

The package presents major regional stock market indexes in graphic form. You'll also find the five most active traded stocks by volume in four of the largest regional indexes.

ASIAN STOCKS IN THE NEWS:

Every day, 10 individual stocks prominent in the prior trading session are highlighted in "Asian stocks in the News." Company performance data, such as 52-week percentage change, are compared with a relevant industry index to show whether the stock is following or bucking the trend.

GLOBAL MARKETS LINEUP:

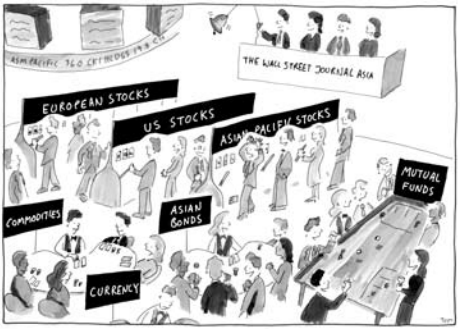
This page presents the major stock market indexes. A cross-rates feature provides a matrix of currency rates and commodities from global agriculture, precious metal and energy markets, displayed with data on the most actively traded futures contracts.

BLUE CHIPS & BONDS:

Data for the 50 largest and best known companies in Asia from the Dow Jones Asian Titans 50 index are presented here. The best and worst-performing companies, based on percentage change from the previous session, are charted. Data includes the market capitalization in U.S. dollars, closing price in local currency and performance data.

SCANNING THE GLOBE:

Here is a roundup of U.S. market activity, with benchmark indexes along with the previous day's most active issues, gainers and losers, performance data for the 30 Dow Jones Industrial Average components and the most active American Depository Receipts (ADRs) of key regional companies.



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In India, billboard ads scale new heights

As economy booms, so does the industry; trucks as messengers

By Eric Bellman And Tunku Ingilby
Mumbai

ON THE RIDE from the airport to downtown—which can take 30 minutes or three hours depending on traffic—international visitors get a crash course in the Indian economy from the hundreds of bright billboards towering over this city's sprawling slums.

Billboard after billboard, sometimes overlapping, pitch everything from Unilever face cream to Fidelity mutual funds to Samsung televisions and the latest Bollywood blockbuster "Shahrukh Khan Rocks Room."

As the economy booms, the billboard business is taking off, climbing more than 60% to 8.79 billion rupees ($219.8 million) in the last five years, according to estimates by TAM Media Research Pvt. Ltd., a Mumbai-based media company. While that still represents less than 10% of total Indian annual advertising spending of 363 billion rupees, it is increasingly important for targeting urban India's burgeoning middle class—who now commute by car and find themselves often stuck in traffic.

"Business is awesome because the economy is growing," says Tash Gala, managing director of **Zenith Outdoors**, a billboard company that has expanded its stable of billboards to 350 from just 80 three years ago. With its billboards in use 95% of the time, "we've never seen occupancy this high," he adds. Only four years ago, its billboards weren't in use about 35% of the time.

That increase translates into rising profits for billboard companies and higher prices for billboard space.

The Indian economy has expanded more than 8% a year for the last three years, and more and more Indians are discovering the joys of shopping and using credit cards. So local and international brands are battling to capture the attention of consumers how anyway they can.

While print and television ads take up more than 80% of ad spending, advertisers say billboards are better for targeting specific subgroups of consumers or particular neighborhoods. Targeted advertising is especially important in India, where diverse consumer groups with different languages, religions and income levels make it tough to build a brand across the country.

Billboards are used to reach both ends of the spending spectrum: the poor who don't have TVs and don't read newspapers, and upwardly mobile consumers, who typically spend hours stuck in city traffic in the back of chauffeur-driven cars.

Until recently, because the government only allowed a handful of radio stations, radio ads weren't a good way to reach consumers. While regulations have eased, radio advertising is still only half the size of the billboard business.

"This is one medium that is at the take-off stage," says Siddartha Mukherjee, a director at TAM Media, referring to billboards. "The usage of outdoor [advertising] has come to the forefront because of the complexity of the Indian market."

In India, where the road infrastructure has failed to keep up with an explosion in auto purchases, billboards become like in-flight magazines, targeting an affluent, captive audience that is bored and has nothing else to read.

"In the U.S., you are driving so you look at the car in front of you, here you are a often passenger with a driver, so you are sitting in the back and looking around," says Devita Saraf, chief executive officer at Yo Technologies, a high-end electronics retailer. He says the company has had more response from billboards in good neighborhoods in Mumbai than from newspaper ads. "In newspapers you may want to reach only 2% of the readers, so it is 98% wastage."

Government restrictions—such as a ban on erecting billboards on old buildings—have hold back the growth in the industry. So billboard companies are trying innovative ways to increase their presence.

Zenith Outdoors, for example, has helped develop a mobile billboard truck that parks, then hoists a billboard six meters on a pole and rotates it to face passing traffic. The company has 25 trucks that it can move to the places where they will capture the most eyeballs—near the train stations in the morning, around shopping areas during the day and then to the suburbs at night.

"You can reach the whole city with one billboard," says Mr. Gala.

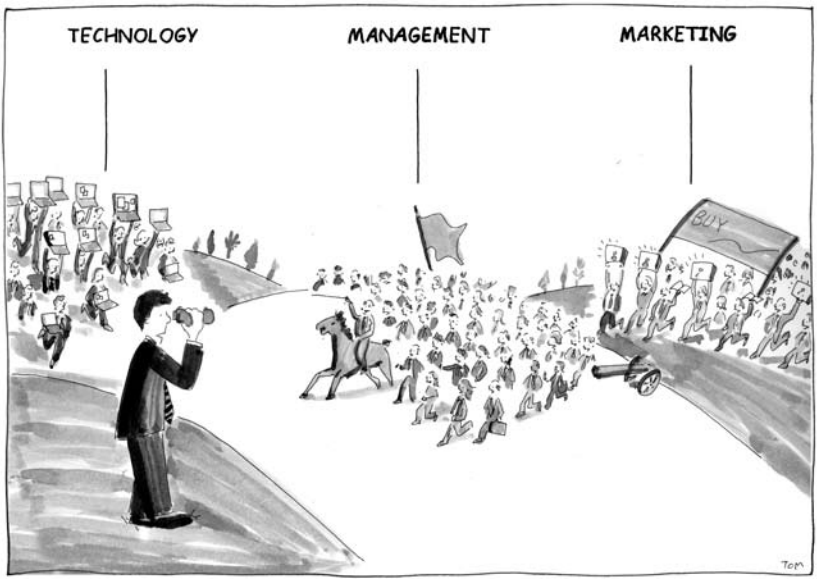
To bring better billboards to rural India, where most advertising is still hand painted on walls and fences, Mr. Gala's company has developed a rugged vinyl they call the "wall tattoo" that can be glued onto rough surfaces, including concrete, bricks and wood slates. With this new product, advertisers can bring large ads with the photos of movie and cricket stars who endorse their products to the rural areas where more than half of India's 1.1 billion population lives.

The billboard boom could eventually be curtailed, however. The industry can expect increasing competition from radio stations. With relaxed restrictions on broadcasting, the number of stations is expected to soar to more than 200 in the next year from about 60 now.

Still, while television, print and Internet advertising are also growing, an increasing number of advertisers are discovering outdoor advertising for the first time.

"Hand-painted hoardings used to be the norm because labor was cheap and [billboard printing equipment] imports were not allowed," says Ashish Bhasin, a director of Lintas, India, which is compiling a computer database to help advertisers choose from more than 20,000 billboard spots across the country. "We are now playing a very fast catch-up game."

Ad revenues from billboards
In billions of rupees



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Understand your fast changing world

The interview: Managing in Asia

Keeping paper business in the black, and green

April chief juggles demand, environmental concerns; planting earth's 'lungs'

In an increasingly paperless and environmentally aware world, being in the pulp and paper business is no walk in the park.

A.J. Devanesan entered the industry during the economically turbulent period that followed the Sept. 11, 2001, terrorist attacks in the U.S. His company, Asia Pacific Resources International Holdings Ltd., or April, had to delist from the New York Stock Exchange in late September of that year because of an unacceptably low share price, weak commodity prices and steep losses, among other factors.

Taking over as chief executive of the Indonesia-based company a few months after the delisting, Mr. Devanesan commissioned a survey that found many stakeholders believed the company exploited the environment to reap profits. "I turned this misconception into an opportunity," said the 53-year-old Mr. Devanesan. Working with non-governmental organizations and environmental activists, April set up a tracking system to keep illegally cut logs out of its production pipeline.

Today, April labels each log harvested from more than 800,000 acres (320,000 hectares) of plantations before it is transported to paper mills the company operates in China and Indonesia. In Riau province, in the center of Indonesia's Sumatra island, April employs more than 100,000 people, some of whom were illegal loggers, in an attempt to divert them from such activities.

These efforts have gained April international recognition from organizations such as the Geneva-based World Business Council for Sustainable Development, which welcomed April last year as its only member from Indonesia. For three years running, April has been a "corporate partner" in support of the United Nations Environment Program's Champions of the Earth awards, and recently joined the U.N. Global Compact to promote sustainable development.

April is owned by Indonesia's Tanoto family through a Singapore holding company. The company doesn't disclose sales or profit, but says it produces up to 750,000 tons of paper a year; with paper prices now about US$1,000 a ton, that translates to more than US$750 million in annual revenue. With the company now back on track, Mr. Devanesan said he doesn't exclude the possibility of a new public offering.

A.J. Devanesan

From 1991 and until he took the reins at April, Mr. Devanesan was with parent company Raja Garuda Mas International, and held senior appointments such as technical director managing the construction of April's assets. He started his career at a consultancy in Chennai, India, specializing in environmental engineering. Mr. Devanesan holds a chemical-engineering degree from the Indian Institute of Technology in Mumbai and is a fellow of the executive program at the University of Pennsylvania's Wharton School.

Tor Ching Li in Singapore spoke by telephone with Mr. Devanesan while he was Brazil.

WSJ: *What was your first job and the biggest lesson you learned from it?*
Mr. Devanesan: My first job was as a quality-assurance engineer with the battery-manufacturing plant of a multinational organization. I learned that changes generally don't happen fast in large organizations. When jobs and procedures are rigidly defined, there is little room for initiative or innovation. At April, open communication is encouraged, the team is performance-driven and there is a great sense of team spirit.

WSJ: *Who gave you the best business advice?*
Mr. Devanesan: If you want to succeed, surround yourself with people who are smarter than you. That advice came from Prof. Raffi Amit of the Wharton business school. I have learned that with a clear vision and the right motivation, one can get the right people, and with the right people, nothing is impossible. It is tough to find good people, and it takes time to convince people to share your vision, but once you win their buy-in and overcome the inertia, an unstoppable momentum is created within the organization.

WSJ: *How was the transition from managing a listed firm to a private firm?*
Mr. Devanesan: It was actually easier to manage the firm when it was taken private because there are no quarterly reports and conference calls to worry about, so I could focus on keeping costs under control and making profits.

WSJ: *In your industry, is there a difference between Asia and the rest of the world?*
Mr. Devanesan: Asia has the fastest demand growth, while demand is stable or declining in the rest of the world except in the Middle East. Apart from having the expanding Asian market at our doorstep, April also has new modern assets, compared with companies in the developed world, which have aging assets and higher costs of manpower.

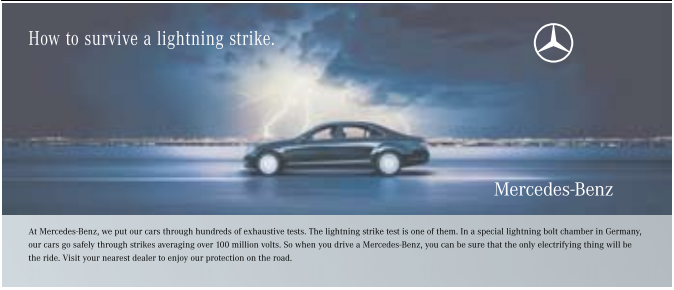
WSJ: *What is the greatest challenge facing your industry?*
Mr. Devanesan: The global demand for fiber, pulp and paper is still growing and the challenge is to have more unmanaged land placed under active management and developed into productive plantations. Trees are obviously important for our industry and are also the lungs of the earth. We will not only have global warming, but will also face many other doomsday scenarios, if we don't actively grow trees to address increasing global carbon emissions.

April plants trees on an area about 1.5 times the size of Singapore [about 100,000 hectares] every year. Trees are the raw material for our business; they create jobs for the community and are also good for the environment. While planting trees, we also protect areas of high conservation value as part of our company policy. With more than 200,000 protected hectares under April's care, we have more area under conservation than most other organizations.

WSJ: *What was the toughest decision you've had to make as a manager?*
Mr. Devanesan: I had to let go of people during the height of the Asian financial crisis. That was difficult because it wasn't just about keeping the company afloat, but also about finding the best solution for everyone involved. I believe biting the bullet then was in the long-term interest of the company and our employees, and we have since recovered and grown our staff strength to 22,000.

WSJ: *What was the most satisfying decision you've made as a manager?*
Mr. Devanesan: That was to start the April Learning Institute and Graduate Trainee Program, which recruits and trains promising graduates from Indonesia and develops them to hold key positions in the company.

WSJ: *What are the three most important attributes of a good manager?*
Mr. Devanesan: They are the ability to motivate people, lead by example and to be fair. It all goes back to having a clear vision and motivating people to take part in it. Good people are not just after high-paying jobs. They also have a bigger purpose. In the case of April, the opportunity to influence how forests are managed and protected in Indonesia and to make a positive impact on the lives of people are key motivators to many members of my team.



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CAREER JOURNAL

Older, laid-off workers turn to internships

Stints offer chance to gain new skills, expand networks

By Sarah E. Needleman

Three months after getting laid off from a small visual-effects company in February, Beki Gibney started working again—as an unpaid intern.

"It feels weird being an intern at my age after five years of working," says Ms. Gibney, 28 years old. "It takes a stab at my pride some days."

Internships—temporary positions that pay little or no salary—are typically designed for college students or recent graduates exploring potential career paths. But with unemployment at 9.5% in the U.S. alone, some older laid-off workers are taking on these stints to stay busy, gain new skills and expand their networks. In the meantime, they continue to job hunt and, in some cases, collect unemployment benefits.

Ms. Gibney says her unpaid summer position at Revel In, a small multimedia production company in New York, is introducing her to documentary storytelling, with which she had no prior experience. The internship provides free lunch and coffee, along with less-tangible benefits.

"It gives me the ability to keep my skills sharp and keep myself active," she says. Before landing the 16-hour-a-week gig, she adds, "I felt guilty and depressed just sitting at home looking for jobs that didn't exist."

Scott Newman, partner and co-founder of Revel In, says initially he thought Ms. Gibney was overqualified. "But she was really clear about redefining where she's going and what she's doing, so we were open minded," he says. The company hires interns who are skilled and ambitious regardless of their age or experience level, he adds. "We like to work with talented people, to mentor and help them, and it may be a platform for hiring them," he says.

Some internships come with perks. Melissa Pereira, 33 years old, isn't being paid for the 20 hours a week she spends helping Clean Edison, a provider of test-preparation and other services, manage its online-marketing strategy. The New York company helps individuals prepare for certification in energy and environmental design, among other services. But she is taking its $595 training course for obtaining certification in environmental design free. The start-up is also covering her commuting expenses, among other benefits.

Ms. Pereira was laid off last fall from Sun Microsystems Inc., where she worked for eight years, most recently as a senior global communications manager. While job hunting, she saw an ad on Craigslist.org for the internship at Clean Edison and applied. "I explained that I wanted to learn the green industry and see if it was something I'd want to commit to," she says.

Ms. Pereira and Ms. Gibney continue to look for paid jobs, with the blessing of their temporary employers. They're hoping their internships, which are listed on their resumes, will boost their odds of success.

"It was helpful for us to get somebody of her caliber applying for one our internships," says Avi Yashchin, president of Clean Edison.

Potential interns, whether students or not, face one big obstacle this year: There are fewer internships available because of the recession. Employers in the U.S. polled last winter by the National Association of College and Employers said they planned to reduce the number of internship offers by nearly 21%.

Accounting and consulting firm Ernst & Young LLP hired 2,100 interns, down from 2,275 last year. Toll Brothers Inc. suspended its internship program indefinitely. "It's hard to justify hiring interns when we are laying off employees," says Jay R. Lehman, director of national recruiting for the luxury home builder.

To land an internship after working elsewhere, you'll need to explain why you're willing to take a step back, says Constance Dierickx, a management psychologist at RHR International Co., an executive-coaching firm in Wood Dale, Ill. "You need to talk early about the benefits of hiring you," she says. "It works well to say that you're looking to make a career change or to learn something new. It doesn't work well to say I lost my job and don't have anything else to do."

Put as much effort into your candidacy for an internship as you would for a salaried position, adds Ms. Dierickx. Research employers and study their Web sites to show you are familiar with them and are serious. "Just because a company isn't paying doesn't mean that it's not investing in you," she says.

Don't ask if the internship could lead to a paying job in an interview or even after an offer has been made, adds Ms. Dierickx. "You don't want to be too eager," she says. She recommends waiting until near the end of the internship.

Ms. Gibney, who is two months into her internship, says she'd like a permanent position with Revel In but hasn't asked about one. "I don't want them to think it's the only reason I took the internship," she says. "But paying work down the road would be nice."

Melissa Pereira, 33, isn't being paid for her 20-hour-a-week internship.

PHOTOS

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